

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2016

Docket No. ACR2016

CHAIRMAN'S INFORMATION REQUEST NO. 15

(Issued February 10, 2017)

To clarify the Postal Service's FY 2016 Annual Performance Report (*FY 2016 Report*) and FY 2017 Annual Performance Plan (*FY 2017 Plan*),<sup>1</sup> the Postal Service is requested to provide written responses to the following requests. Answers should be provided to individual requests as soon as they are developed, but no later than February 17, 2017.

**Deliver High-Quality Service**

1. The Postal Service states that it “continued to significantly exceed our Standard Mail performance targets across the nation, achieving record-breaking service for our business customers.” *FY 2016 Annual Report* at 16.
  - a. Please explain how the Postal Service exceeded public Standard Mail performance targets to achieve “record-breaking service.” In the response, please identify the product-specific Standard Mail performance targets that were exceeded and provide accompanying results.
  - b. Please explain how the FY 2016 Standard Composite performance indicator result (92.97) was calculated. In the response, please specify the product-level indicators on which this Composite performance indicator is based and provide the formula used to calculate it.

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<sup>1</sup> The *FY 2016 Report* and *FY 2017 Plan* are included in the Postal Service's FY 2016 *Annual Report to Congress*, which the Postal Service filed with the FY 2016 *Annual Compliance Report*. See United States Postal Service FY 2016 Annual Report to Congress, Library Reference USPS-FY16-17, December 29, 2016 (*FY 2016 Annual Report*).

- c. Please explain why the FY 2016 result for the Standard Composite performance indicator (92.97) is higher than most of the Standard Mail service performance scores shown in the Postal Service's *Annual Report on Service Performance for Market-Dominant Products*.<sup>2</sup> In the response, please explain the reasons why the product-specific Standard Mail performance results and targets identified in response to question 1.a, above, differ from the Standard Mail performance results and targets listed in the Service Performance Report. See *id.* at 12.
- d. Please confirm that the Standard Mail measurement description, sample coverage, and statistical validity of measurement results discussed in the Service Performance Report are the same for the Standard Mail products used to measure the Standard Composite performance indicator. See Service Performance Report at 12-13; FY 2016 *Annual Report* at 15. If not confirmed, please explain.

### Strategic Initiatives

- 2. The Postal Service states that in FY 2016, it implemented a portfolio of "strategic initiatives" to meet its performance goals. FY 2016 *Annual Report* at 70.
  - a. Please confirm that the strategic initiatives are the same as the Delivering Results, Innovation, Value, and Efficiency (DRIVE) portfolio of initiatives listed in the FY 2016 *Annual Report*. See *id.* at 71.
  - b. If confirmed, please use Table 1 below to provide the FY 2017 strategic initiatives, and explain any changes made to the strategic initiatives between FY 2016 and FY 2017.
  - c. If not confirmed:

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<sup>2</sup> Compare FY 2016 *Annual Report* at 15 with Library Reference USPS-FY16-29, file "FY16-29 Service Performance Report.pdf," at 12 (Service Performance Report).

- i. Please explain the differences between strategic initiatives and the DRIVE portfolio of initiatives.
- ii. Please provide a table similar to Table 1 below comparing FY 2016 and FY 2017 strategic initiatives.

**Table 1**  
**FY 2016 and FY 2017 Strategic Initiatives**

Performance Goal	FY 2016 Strategic Initiatives	Change From Prior Year	FY 2017 Strategic Initiatives
<b>Deliver High-Quality Service</b>	Optimize Network Platform		
	Optimize Delivery Platform		
	Optimize Retail Platform		
	Build a World-Class Package Platform		
	Optimize Delivery Platform		
<b>Provide Excellent Customer Experiences</b>	Build a World-Class Customer Care Process		
	Create a World-Class Social Media Platform		
	Leverage Technology and Data to Drive Business Value		
<b>Sustain Controllable Income</b>	Accelerate Innovation to Maximize Revenue and Profit		
	Informed Delivery		
	Optimize Customer and Revenue Visibility		
	Leverage Technology and Data to Drive Business Value		
	Obtain PRC Approval for an Alternative Pricing Model		
<b>Ensure a Safe Workplace and Engaged Workforce</b>	Engage and Empower Employees		
	Contract Implementation and Compliance		
	Corporate Succession Planning		
	Improve Safety Programs		
	Leverage Technology and Data to Drive Business Value		
Source: FY 2016 <i>Annual Report</i> at 71.			

3. Please confirm that the FY 2015 initiative “Building the Workforce of the Future” was split into these initiatives: Engage and Empower Employees, Contract Implementation and Compliance, Corporate Succession and Planning, and Improve Safety Programs. See *id.* If not confirmed, please explain.
4. The following requests relate to cross-portfolio performance indicators.
  - a. Please provide FY 2016 results and FY 2017 targets for each cross-portfolio performance indicator listed in Table 2 below.

**Table 2**  
**Cross-Portfolio Performance Indicators**

Cross-Portfolio Performance Indicator	FY 2017 TARGET	FY 2016 TARGET	FY 2016 RESULT
Total DRIVE Cost Savings (\$ Millions)		955	
Total Work Hours Reduced (Millions)		13.00	
Revenue (\$ Billions)		69.4	
Sources: Docket No. ACR2015, Analysis of the Postal Service’s FY 2015 Annual Performance Report and FY 2016 Performance Plan, May 4, 2016, at 71 (FY 2015 <i>Analysis</i> ); Docket No. ACR2015, Responses of the United States Postal Service to Question 1-6 of Chairman’s Information Request No. 9, February 11, 2016, question 6.a.			

- b. Please identify any changes to the cross-portfolio performance indicators, results, and targets listed in Table IV-2 of the FY 2015 *Analysis*. See FY 2015 *Analysis* at 71.
  - c. Please provide a table containing aligning FY 2017 strategic initiatives directly with FY 2017 performance goals and cross-portfolio performance indicators.<sup>3</sup>

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<sup>3</sup> Table IV-4 of the FY 2015 *Analysis* is a similar table comparing FY 2016 performance goals, strategic initiatives, and cross-portfolio performance indicators. *Id.* at 74.

**Ensure a Safe Workplace and Engaged Workforce**

5. The Postal Service previously stated that results of the Occupational Safety and Health Administration Illness and Injury rate (OSHA I&I Rate) performance indicator “represent a snapshot in time and will change after the close out of the year, as the recordability status of claims change or as new claims are filed.”<sup>4</sup> In its FY 2015 *Annual Report to Congress*, the Postal Service stated that the FY 2014 OSHA I&I Rate result reported as of September 30, 2014 was later restated “due to employee claims filed after the close of the fiscal year.”<sup>5</sup>
  - a. Please discuss the methodology and process for restating OSHA I&I Rate results after they are reported in the Postal Service’s *Annual Report to Congress*.
  - b. Please explain why the OSHA I&I Rate results for fiscal years 2013, 2014, and 2015 differ between the FY 2015 *Annual Report* and the FY 2016 *Annual Report*. See Table 3, below. In the response, please identify which results are snapshots taken at the end of the fiscal year of the respective *Annual Report to Congress*, and which results were restated to reflect additional employee claims filed, or for other reasons.

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<sup>4</sup> Docket No. ACR2015, Responses of the United States Postal Service to Questions 1-4 of Chairman’s Information Request No. 20, March 18, 2016, question 2.

<sup>5</sup> Docket No. ACR2015, United States Postal Service 2015 Annual Report to Congress, Library Reference USPS-FY15-17, December 29, 2015, at 17-18 (FY 2015 *Annual Report*).

**Table 3**  
**Comparison of OSHA I&I Rate Results**

	FY 2015 OSHA I&I Rate Result	FY 2014 OSHA I&I Rate Result	FY 2013 OSHA I&I Rate Result
<i>FY 2016 Annual Report to Congress</i>	6.85	6.75	6.05
<i>FY 2015 Annual Report to Congress</i>	6.55	6.68	5.63
Sources: <i>FY 2016 Annual Report</i> at 15; <i>FY 2015 Annual Report</i> at 14.			

- c. In the *FY 2015 Annual Report*, the FY 2012 OSHA I&I Rate result is reported at 5.44. *FY 2015 Annual Report* at 14. Please specify whether this result is a snapshot taken at the end of FY 2012, or whether this result has been restated.
- d. For FY 2013 through FY 2016, please provide the OSHA I&I Rate result as of September 30 of the respective fiscal year *Annual Report*.

### **Provide Excellent Customer Experiences**

- 6. If a performance goal has not been met, the report for that fiscal year must explain and describe: (1) why the goal was not met; and (2) the “plans and schedules” for achieving the performance goal. 39 U.S.C. § 2804(d)(3). In its *FY 2015 Analysis*, the Commission stated that to fully comply with 39 U.S.C. § 2804(d)(3), the Postal Service should provide timelines for its plans to achieve performance goals if timelines fall outside of the fiscal year covered by the annual performance plan. *FY 2015 Analysis* at 15.

- a. The Postal Service failed to meet FY 2016 targets for the Point of Sale, Delivery, and Customer Care Center performance indicators.<sup>6</sup> Please explain why the targets were not met.
- b. Please explain and describe the “plans and schedules” for meeting FY 2017 targets set for the Point of Sale, Delivery, and Customer Care Center performance indicators.<sup>7</sup> Please provide timelines for plans that extend beyond FY 2017.

By the Chairman.

Robert G. Taub

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<sup>6</sup> Compare Responses of the United States Postal Service to Questions 1-3, 4.a, 4.c, and 5-8 of Chairman’s Information Request No. 10, February 7, 2017, question 7.b.i (February 7, 2017, Responses to CHIR No. 7) with FY 2016 *Annual Report* at 15.

<sup>7</sup> See 39 U.S.C. § 2804(d)(3)(B); February 7, 2017, Responses to CHIR No. 7, question 7.b.ii.